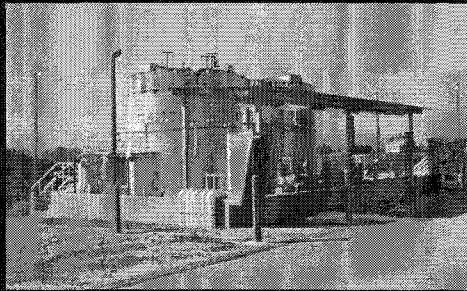


2004-2005 CAPITAL BUDGET

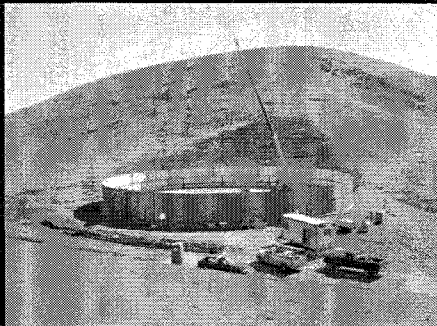
2005-2009 CAPITAL IMPROVEMENT PROGRAM

**ENVIRONMENTAL
AND
UTILITY SERVICES
CSA**

City Service Area Environmental and Utility Services



**Water Pollution Control Plant
Chemical Feed System**



**Municipal Water System
New Reservoir in Coyote Valley**

Mission: Provide environmental leadership through policy development, program design and reliable utility services.

During 2003-2004, the Water Pollution Control Plant completed the design for the \$57 million Reliability Improvements project. Project construction is scheduled to be completed in 2008-2009 and will increase peak flow capacity to 400 million gallons per day. Other projects, currently underway, include a study to address the Plant's aging electrical system and development of alternative disinfection treatment methods.

The South Bay Water Recycling Program is targeted to complete two water tanks with a storage capacity of 5.5 million gallons, and construction of 5,000 feet of 24-inch transmission water main. These projects will increase the efficiency and reliability of the recycled water distribution system and will support the City's flow reduction programs and NPDES permit compliance.

The Water Utility System will construct and/or retrofit reservoirs to improve service and ensure infrastructure integrity. Approximately 2,400 feet of water mains in old Evergreen neighborhoods are scheduled for replacement. The Sanitary Sewer Program will expand the existing sewer rehabilitation program efforts into neighborhood sewer collection systems primarily composed of small diameter sewer mains. In addition, the construction will begin on the 60" Brick Interceptor Replacement project in the northern reaches of the collection system. The Storm Sewer program has developed a storm pump station rehabilitation program to address the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations to reduce the risk of localized flooding.

CSA CAPITAL PROGRAMS

- Sanitary Sewer System Capital Program
- Storm Sewer System Capital Program
- Water Pollution Control Capital Program
- Water Utility System Capital Program

City Service Area **Environmental and Utility Services**

Recent Accomplishments

- Completed the Trimble-Morrill Sanitary Sewer Rehabilitation projects Phases I and II and completed the Evergreen Phase II Sanitary Sewer Rehabilitation project.
- Substantial progress in the construction of the North San José Rincon Storm System Improvements, Phase II.
- Construction of a 3.6 million gallon water tank in Coyote Valley is almost complete. Construction also started on three wells in Coyote to supply MEC and other developments.
- Completed a public-private joint venture construction project allowing the use of landfill gas at the WPCP for use in its engine-generator system, reducing the Plant's electricity consumption and meeting energy demands with renewable sources.

Program Highlights

Sanitary Sewer System

2005-2009 Proposed CIP: \$101.3 million

Neighborhood Sanitary Sewer Rehabilitation Projects:

- Third & Fourth Ward Areas
- Hester-Naglee Area
- East San José Area

Sanitary Sewer Interceptor Rehabilitation/Replacements

- 60" Brick Interceptor Replacement Phase IB project
- 60"/84" RCP Interceptor Rehabilitation project

Storm Sewer System

2005-2009 Proposed CIP: \$11.8 million

Storm Drain Improvement Projects: Willow Glen-Guadalupe - Phase II, Albany-Kiely - Phase II, Chateau Drive Storm Drain Improvement, Fremont Street Storm Drain Improvement, and Storm Pump Station Replacements.

Water Pollution Control

2005-2009 Proposed CIP: \$179.3 million

South Bay Water Recycling: Construction has begun on a ten-mile 30-inch diameter pipeline to serve recycled water to the new Metcalf Energy Center in South San José.

Water Utility System

2005-2009 Proposed CIP: \$21.9 million

- Edenvale - construction of 2,000 gallon per minute well.
- Replacement of 2,400 feet of water mains located along Remington and Taffy Drives in Evergreen.
- Construction of 3,500 foot water main along North First St.

CSA OUTCOMES

(Supported by the Capital Programs)

- ✓ Reliable utility infrastructure
- ✓ Healthy streams, rivers, marsh and bay
- ✓ "Clean and green" air, land and energy
- ✓ Safe, reliable, sufficient water supply

City Service Area Environmental and Utility Services

Performance Measures

New capital project performance measures were established for the Environmental and Utility Services CSA in 2003-2004. These measures are consistent with the city-wide capital program performance measures.

On-time project delivery performance data is now reported in this document. Targets for the remaining performance measures have been set and data for these will be reported as projects are completed. Please see the Budget Guide section narrative for additional information on capital performance measure development.

Outcome: Reliable Utility Infrastructure

5 Year Strategic Goals		2004-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
Environmental and Utility Services CSA delivers quality Capital Improvement Program (CIP) projects on-time and on-budget	1. % of CIP projects delivered within 2 months of approved baseline schedule	TBD	85%	90% 18/20	85%
	2. % of CIP projects that are completed within the approved baseline budget	TBD	90%	TBD	90%
	3. % of project delivery costs (exclusive of city- wide overhead) compared to total construction cost for completed projects with construction costs:				
	less than \$500,000-	TBD	TBD	TBD	31%
	between \$500,000 and \$3M-	TBD	TBD	TBD	23%
	greater than \$3M-	TBD	TBD	TBD	15%
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	TBD	80%	TBD	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)				
	Public-	TBD	85%	TBD	85%
	City Staff-	TBD	85%	TBD	85%

Capital Program Summary by City Service Area

Environmental and Utility Services

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	5-Year Total
<u>Sanitary Sewer System</u>						
<u>Capital Program</u>						
60" Brick Interceptor, Ph IB	900,000	200,000				1,100,000
60" Reinforced Concrete Pipe, Ph VB	150,000					150,000
84" RCP Interceptor, Ph VB, Ph VIB, Ph VII, & Ph VIIA	3,750,000		1,000,000	8,000,000		12,750,000
Budget Office Capital Program Staff	33,000	35,000	37,000	39,000	41,000	185,000
CIP Action Team	54,000	42,000	43,000	49,000	53,000	241,000
Civic Center Occupancy Reserve		44,000	92,000	93,000	94,000	323,000
Civic Center Start-up Costs	2,000					2,000
East San José	1,131,000	100,000				1,231,000
Edenvale Sanitary Sewer Supplement, Phase V	18,000,000	400,000	100,000			18,500,000
Fee Administration	60,000	63,000	66,000	68,000	69,000	326,000
Flow Monitoring Program (Master Planning)	1,050,000	150,000	150,000	150,000	150,000	1,650,000
Forest-Rosa Sewer	191,000	2,407,000	8,000			2,606,000
Fourth Interceptor, Ph VI & VII	950,000	2,000,000	10,030,000	3,500,000	9,000,000	25,480,000
Fourth Ward Area	146,000					146,000
Geographic Information System (GIS)	35,000	36,000	37,000	38,000	39,000	185,000
Hester-Naglee Area	565,000					565,000
Hobson-Walnut Area	100,000	1,000,000				1,100,000
Infiltration Reduction	560,000	560,000	1,230,000	1,230,000	1,230,000	4,810,000
Information Technology Staff Costs	69,000	45,000	47,000	49,000	51,000	261,000
Miscellaneous Projects	300,000	300,000	300,000	1,000,000	1,120,000	3,020,000
Miscellaneous Rehabilitation Projects	1,750,000	2,085,000	2,000,000	2,730,000	2,605,000	11,170,000
Monterey-Riverside Sewer	413,000	2,044,000				2,457,000
Payments to West Valley Sanitation District	10,000	10,000	10,000	10,000	10,000	50,000
Permit Review and Inspection for Outside Agencies	75,000	75,000	75,000	75,000	75,000	375,000
Preliminary Engineering	675,000	700,000	725,000	750,000	760,000	3,610,000
Public Works Engineering Services Equipment (Materials Lab)	33,000	35,000	37,000	38,000	39,000	182,000
Rosemary Area	50,000	1,090,000				1,140,000

Capital Program Summary by City Service Area

Environmental and Utility Services

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	5-Year Total
<u>Sanitary Sewer System</u> (Cont'd.)						
<u>Capital Program</u>						
San Tomas Aquino Creek Trunk	641,000	251,000				892,000
San Tomas Expressway Trunk	75,000					75,000
Third Ward Area	146,000					146,000
Trimble-Morrill Sewer	20,000					20,000
Willow-Union Trunk Sewer	120,000	3,500,000	120,000			3,740,000
Total: Construction/Non-Construction	32,054,000	17,172,000	16,107,000	17,819,000	15,336,000	98,488,000
Ending Fund Balance	2,819,252	2,434,252	3,223,252	1,873,252	2,827,252	2,827,252*
Total: Sanitary Sewer System Capital Program	34,873,252	19,606,252	19,330,252	19,692,252	18,163,252	101,315,252*
<u>Storm Sewer System</u>						
<u>Capital Program</u>						
Albany-Kiely Storm Drainage Improvement, Phase II	1,980,000	25,000				2,005,000
Budget Office Capital Prog. Staff	23,000	10,000	7,000	7,000	7,000	54,000
CIP Action Team	26,000	19,000	21,000	22,000	21,000	109,000
Chateau Drive Storm Drain Improvement, Phase I		150,000	513,000	150,000	513,000	1,326,000
Civic Center Occupancy Reserve		9,000	19,000	17,000	14,000	59,000
Fee Administration	14,000	12,000	12,000	10,000	10,000	58,000
Flow Monitoring System	9,000	9,000	9,000	9,000	9,000	45,000
Fremont Storm Drain Improvement	400,000					400,000
Geographic Information Systems	58,000	8,000	8,000	8,000	8,000	90,000
Information Technology Staff	18,000	11,000	11,000	11,000	11,000	62,000
Master Planning	300,000	10,000	10,000	10,000	10,000	340,000
Minor Neighborhood Storm Drain Improvements	100,000	600,000	400,000	300,000		1,400,000
Miscellaneous Projects	237,000	100,000	175,000	300,000	400,000	1,212,000
Off-Site C.3 National Pollutant Discharge Elimination System (NPDES) Permit Implementation	100,000					100,000

Capital Program Summary by City Service Area

Environmental and Utility Services

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	5-Year Total
<u>Storm Sewer System</u> (Cont'd.)						
<u>Capital Program</u>						
Permit Review and Inspection for Outside Agencies	25,000	25,000	25,000	25,000	25,000	125,000
Preliminary Engineering	180,000	100,000	80,000	60,000	50,000	470,000
Program Management	155,000	100,000	80,000	60,000	50,000	445,000
Reserve for Alma Storm Drain		693,000				693,000
Storm Pump Station Replacements	500,000					500,000
Willow Glen-Guadalupe, Phase II	1,975,000	25,000				2,000,000
Total: Construction/Non-Construction	6,100,000	1,906,000	1,370,000	989,000	1,128,000	11,493,000
Ending Fund Balance	834,637	408,637	141,637	286,637	294,637	294,637*
Total: Storm Sewer System Capital Program	6,934,637	2,314,637	1,511,637	1,275,637	1,422,637	11,787,637*
<u>Water Pollution Control</u>						
<u>Capital Program</u>						
Administration Building & Gate Security Improvements	200,000					200,000
Alternative Disinfection	1,000,000	3,500,000				4,500,000
Arbitrage Rebate Payment	100,000	300,000				400,000
Biological Nutrient Removal Q2 Air Upgrade	100,000					100,000
Budget Office - Capital Prog. Staff	65,000	68,000	71,000	75,000	79,000	358,000
CIP Action Team	41,000	41,000	43,000	43,000	48,000	216,000
Civic Center Occupancy Reserve		24,000	49,000	50,000	51,000	174,000
Civic Center Start-up Costs	1,000					1,000
Dissolved Air Flotation Pressure Retention Tank & Valves	200,000	200,000	200,000	200,000	200,000	1,000,000
Equipment Replacement	1,525,000	2,000,000	1,525,000	1,525,000	1,525,000	8,100,000
Filter Improvements		750,000	5,250,000			6,000,000
Inactive Lagoons Bio-Solids Removal	500,000		500,000		500,000	1,500,000
Information Technology Staff	67,000	43,000	45,000	47,000	49,000	251,000
Land Acquisitions & Improvements	100,000	100,000	100,000	100,000	100,000	500,000

Capital Program Summary by City Service Area

Environmental and Utility Services

	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>5-Year Total</u>
<u>Water Pollution Control</u> (Cont'd.)						
<u>Capital Program</u>						
Payment for Clean Water Financing Authority Trustee	135,000	135,000	135,000	135,000	135,000	675,000
Plant Electrical Reliability	3,000,000	3,000,000	5,000,000	5,000,000	4,000,000	20,000,000
Plant Infrastructure Improvements	2,850,000	3,270,000	4,920,000	3,230,000	3,230,000	17,500,000
Raw Sewage & Effluent Sampling Stations	200,000					200,000
Reserve for Equipment Replacement	5,000,000					5,000,000
Reserve for GRS Agreement	1,800,000					1,800,000
Reserve for Rate Studies	200,000					200,000
Revised South Bay Action Plan - Industrial Recycle/Reuse	200,000	100,000	100,000	100,000	100,000	600,000
Revised South Bay Action Plan - Inflow/Infiltration Reduction	50,000					50,000
Revised South Bay Action Plan - SBWR Extension	1,033,000	389,000	394,000	389,000	389,000	2,594,000
State Revolving Fund Loan Repayment	4,464,000	4,464,000	4,464,000	4,464,000	4,464,000	22,320,000
Transfer to Clean Water Financing Authority Debt Service Payment Fund	1,309,000	1,697,000	1,662,000	1,662,000	1,660,000	7,990,000
Unanticipated/Critical Repairs	250,000	250,000	250,000	250,000	250,000	1,250,000
WPCP Reliability Improvements	55,000,000			2,000,000		57,000,000
Total: Construction/Non-Construction	79,390,000	20,331,000	24,708,000	19,270,000	16,780,000	160,479,000
Ending Fund Balance	27,058,268	25,504,268	21,720,268	19,749,268	18,847,268	18,847,268*
Total: Water Pollution Control Capital Program	106,448,268	45,835,268	46,428,268	39,019,268	35,627,268	179,326,268*
<u>Water Utility System</u>						
<u>Capital Program</u>						
Advance System Design	300,000	360,000	380,000	390,000	400,000	1,830,000
Budget Office Capital Program Staff	16,000	17,000	19,000	20,000	21,000	93,000
CIP Action Team	41,000	33,000	35,000	42,000	48,000	199,000
Edenvale Well #13 Rehabilitation		45,000	205,000			250,000
Edenvale Well #4	800,000					800,000

Capital Program Summary by City Service Area

Environmental and Utility Services

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	5-Year Total
<u>Water Utility System</u> (Cont'd.)						
<u>Capital Program</u>						
Evergreen Hydraulic Model		200,000				200,000
Gold Street Main Relocation	400,000					400,000
Information Technology Staff	27,000	17,000	18,000	19,000	20,000	101,000
Infrastructure Improvements	400,000	400,000	400,000	420,000	440,000	2,060,000
Major Facilities Fee Administration	15,000	15,000	15,000	15,000	15,000	75,000
Major Water Facility Fee Update	80,000					80,000
Master Plan Engineering	60,000	60,000	60,000	70,000	75,000	325,000
Meter Installations	300,000	300,000	300,000	300,000	320,000	1,520,000
Montague Turnout					325,000	325,000
Network System Flow Improvements	30,000	30,000	25,000	15,000	5,000	105,000
Nortech Parkway East Loop Main				100,000	650,000	750,000
North Coyote Valley Water System	700,000					700,000
North First Street Parallel Main	825,000				200,000	1,025,000
North San Jose Well Site Improvements		180,000				180,000
Norwood Pump Station Replacement			50,000	750,000		800,000
Preliminary Engineering	40,000	42,000	44,000	46,000	48,000	220,000
Remington Drive Main Replacement	520,000					520,000
Reserve For System Growth Related Projects	1,400,000					1,400,000
Reserve for System Rehabilitation/Replacement	1,383,000	200,000	200,000	100,000	100,000	1,983,000
Reservoir Seismic Retrofit	100,000	100,000	100,000			300,000
Security Improvements	150,000	150,000	150,000			450,000
Service Installations	330,000	340,000	350,000	360,000	370,000	1,750,000
System Maintenance/Repairs	400,000	420,000	430,000	450,000	470,000	2,170,000
Taffy Drive Main Replacement	250,000					250,000
Villa Vista Reservoir Rehabilitation			40,000	210,000		250,000
Water Valve Rehabilitation		250,000				250,000
Total: Construction/Non-Construction	8,567,000	3,159,000	2,821,000	3,307,000	3,507,000	21,361,000
Ending Fund Balance	876,839	1,046,839	1,266,839	1,055,839	532,839	532,839*

Capital Program Summary by City Service Area

Environmental and Utility Services

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	5-Year Total
<u>Water Utility System</u> (Cont'd.)						
<u>Capital Program</u>						
Total: Water Utility System Capital Program	9,443,839	4,205,839	4,087,839	4,362,839	4,039,839	21,893,839*
CSA Total: Construction/Non-Construction	126,111,000	42,568,000	45,006,000	41,385,000	36,751,000	291,821,000*
Ending Fund Balance	31,588,996	29,393,996	26,351,996	22,964,996	22,501,996	22,501,996*
CSA Total:	157,699,996	71,961,996	71,357,996	64,349,996	59,252,996	314,322,996*

* The 2004-2005 through 2007-2008 Ending Balances are excluded from the FIVE-YEAR TOTAL USE OF FUNDS to avoid multiple counting of same funds.